

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
WISCONSIN PUBLIC SERVICE CORPORATION)
to fully comply with Public Acts 286 and 295 of 2008.)
_____)

Case No. U-17306

At the August 13, 2013 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Greg R. White, Commissioner
Hon. Sally A. Talberg, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On May 15, 2013, Wisconsin Public Service Corporation (WPS Corp) filed an application,
with supporting testimony and exhibits, seeking biennial review and approval of its renewable
energy plan (REP).

A prehearing conference was held on June 20, 2013, before Administrative Law Judge
Mark D. Eyster. WPS Corp and the Commission Staff participated in the proceeding.
Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties
recommend that the Commission approve WPS Corp’s REP. WPS Corp has elected to use the
average number of megawatt-hours of electricity sold to its retail customers during the previous
three years as the basis for calculating its renewable energy requirement. The parties acknowledge

that the REP does not include any costs of meeting the renewable energy standard of 2008 PA 295 that are incremental to the costs WPS Corp would otherwise incur in meeting its power supply obligations in a reasonable and prudent manner. Thus, WPS Corp's REP does not include any renewable energy surcharges.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED, that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Wisconsin Public Service Corporation's renewable energy plan is approved.
- C. Absent an earlier application filed by Wisconsin Public Service Corporation for authority to amend its plan, the Commission will review this plan again during the next biennial review period described in MCL 460.1021(8).

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Greg R. White, Commissioner

Sally A. Talberg, Commissioner

By its action of August 13, 2013.

Mary Jo Kunkle, Executive Secretary

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SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 333 of the Rules of Practice and Procedure Before the Michigan Public Service Commission (“Commission”), R 460.17333, Wisconsin Public Service Corporation (“WPS Corp” or the “Company”) and the Michigan Public Service Commission Staff (“Staff”) agree as follows:

1. On January 31, 2013, the Michigan Public Service Commission (“Commission”) issued its Order in Case No. U-17306 directing WPS Corp to file by May 26, 2013, its biennial Renewable Energy (“RE”) Plan.
2. On April 26, 2013, WPS Corp filed with the Commission its Notice of Intent to file its biennial RE Plan by May 26, 2013.
3. On May 15, 2013, WPS Corp filed its application and supporting testimony and exhibits of Connie J. Peotter.
4. On May 22, 2013, the Commission’s Executive Secretary issued the Notice of Hearing in this proceeding directing the Company to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its Michigan electric service area and to

intervenors in Case Nos. U-16587 and U-17092. Further, the Company was directed to publish the Notice in daily newspapers of general circulation throughout its Michigan electric service area. On June 17, 2013, WPS Corp electronically filed its affidavit of mailing and proof of publication.

5. On June 20, 2013, Administrative Law Judge Mark D. Eyster conducted a prehearing conference. Both the Staff and WPS Corp appeared at the prehearing. There were no intervenors.

6. Subsequent to the prehearing conference, the parties engaged in settlement discussions and agree as follows:

a. The Company's RE Plan as set forth in its supporting testimony satisfies the requirements of Act 295 and is reasonable and prudent. WPS Corp has elected to use the average number of megawatt hours of electricity sold to its retail customers during the previous 3 years.

b. The Company's biennial RE Plan does not include any costs of meeting Act 295's RE Standard that are incremental to the costs WPS Corp would otherwise incur in meeting its power supply obligations in a reasonable and prudent manner, and thus the Company's RE Plan does not include any renewable energy surcharges.

7. All of the signatories are of the opinion that this settlement agreement is reasonable, will promote the public interest and will aid in the expeditious conclusion of this case.

8. This settlement agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are considered privileged under MRE 408. If the Commission approves this

settlement agreement without modification, neither the parties to the settlement nor the Commission shall make any reference to, or use this settlement agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this settlement agreement and the order approving it.

9. Pursuant to Rule 333(6) of the Commission's Rules of Practice and Procedure, R 460.17333(6) the parties agree any order approving this settlement agreement shall not establish precedent for future proceedings and shall not be used as such. This settlement agreement is based on the facts and circumstances of this case and is intended as the final disposition of MPSC Case No. U-17306 only. If the Commission approves this settlement agreement, without modification, the undersigned parties agree not to appeal, challenge or otherwise contest the Commission order approving this settlement agreement only.

10. This settlement agreement is not severable. Each provision of this settlement agreement is dependent upon all other provisions of this settlement agreement. Failure to comply with any provision of this settlement agreement constitutes failure to comply with the entire settlement agreement. If the Commission rejects or modifies this settlement agreement or any provision of this settlement agreement, this settlement agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

11. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this settlement agreement without modification.

WISCONSIN PUBLIC SERVICE CORPORATION

Dated: July 22, 2013

By: _____
Its Attorney
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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: July 22, 2013

By: _____
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